Revision in Royalty Rates

†4042. PROF. ALKA BALRAM KSHATRIYA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government have revised the royalty rates on oil and natural gas;

(b) if so, when and to what extent; and

(c) the rate at which royalty is being given to the State Governments at present by it?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) and (b) The Government, in 2003, put in-place a new royalty regime for crude oil. The schedule containing revised rates of royalty were notified under Oil Fields (Regulation & Development) Act, 1948 on 16th December, 2004. The revised rates effective from 1.4.2002 are as under:

(i) Onland areas : @20% of Well Head Price

(ii) Shallow water offshore areas (upto 400 mtr. water depth): @ 10% of Well Head Price

(iii) Deepwater offshore areas (> 400 Mtr. water depth): @ 5% of well head price during first 7 years after commercial production and normal rates as applicable to Shallow water areas (upto 400 Mtr. water depth) during other periods

(iv) Heavier crude oils of 25 API and less : 2.5% lesser than the applicable rates as above

(v) Reduced rates of royalty, as may be notified by the Government from time to time, will be levied on production from fields under Enhanced Oil Recovery (EOR)/Improved Oil Recovery (IOR)

(vi) Production from offshore discovered fields awarded to private/ joint venture contractors : At the rates as specified in respective Production Sharing Contracts (PSCs)

(vii) Production from areas under NELP regime : At the rates determined in accordance with the provisions under respective Production Sharing Contracts (PSCs)

† Original notice of the question was received in Hindi.

(viii) Natural Gas: Ten percent of the value of the natural gas obtained at well head

(c) The royalty to the State Governments on crude oil in case of nomination blocks given to National Oil Companies (NOCs) is 20% of well head price and under NELP regime it is 12.5% of the well head value. Royalty on natural gas is 10% at well head.

Response to NELP-VI

†4043. SHRI BASHISTHA NARAIN SINGH: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the response of various companies with regard to the tenders given for the proposed block under NELP-VI;

(b) whether it is a fact that foreign companies have also been invited to participate in this sector;

(c) if so, the details of the said scheme and the expected benefits thereof; and

(d) the efforts being made to ensure that the companies making profit from this sector plough back a lion's share of it in the country itself?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) to (c) The Government of India, on 23rd February, 2006, has offered 55 blocks comprising of 24 deep water, 6 shallow water and 25 onshore blocks under the sixth round of New Exploration Licensing Policy (NELP-VI). NELP provides for offering of blocks through International Competitive Bidding system, wherein domestic and foreign companies can participate. The bid closing date for NELP-VI is 15th September, 2006.

The NELP provides a level playing field for both domestic and foreign comapnies. The fiscal and contractual terms and conditions under NELP are the same for Indian and foreign companies. Evaluation of bids is carried out by adopting a transparent and quantitative bid evaluation criteria, which has been made public in the Notice Inviting Offers for NELP-VI.

(d) The rights and obligations of the companies are covered by the Production Sharing Contracts signed with the Government. Exploration

† Original notice of the question was received in Hindi.